

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6605

BILL NUMBER: HB 1094

NOTE PREPARED: Feb 3, 2009

BILL AMENDED: Feb 3, 2009

SUBJECT: Valuation Date for Assessments.

FIRST AUTHOR: Rep. Grubb

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Valuation Date:* This bill requires that real property be valued for property tax assessment purposes as of the assessment date. The bill voids rules and guidelines that require assessing officials to value real property on a date that is different from the assessment date to which the value applies. It provides an exemption to the deadlines specified by law for the adoption of certain rules and certain other actions in order to bring the rules and actions into conformity with the change in valuation date.

Notices: This bill also provides that a notice of assessment or reassessment, statement concerning estimated tax liabilities, and property tax bill must include certain information concerning assessment appeals including a notice that an appeal requires evidence relevant to the true tax value of the taxpayer's property as of the assessment date that is the basis for the estimated taxes payable on that property.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: (Revised) *Valuation Date:* This bill would void any DLGF rule or guideline that conflicts with the valuation dates in this bill. The bill would allow the DLGF to promulgate new rules and guidelines, and certify appraisers, vendors, and computer systems after the deadlines in current law, but before July 1, 2010.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Notices:* Under current law, local assessing officials must send an assessment notice to real property owners each time property is assessed or reassessed. Also under current law, beginning in 2010, the county auditor must mail to each taxpayer a statement containing AV,

deduction, credit, and estimated tax information for the following year. Under this bill, the above notices must also include a notice of opportunity to appeal the assessment. The notice would include the appeals procedure, a list of appeals forms, and notice that the appeal requires relevant evidence.

The tax bills sent by the county treasurer currently must include most of the appeals notice required above. This bill would add the evidence notice to the tax bill.

The DLGF would redesign the forms to include the required notices. Counties would only incur additional preparation and mailing costs if the DLGF added a page or pages to the notice.

Explanation of Local Revenues: (Revised) *Valuation Date:* Beginning with taxes payable in 2010 under this bill, real property assessments would be based on the estimated true tax value as of the assessment date. The valuation would be one to two years more current than under previous assessment rules but the same as the reassessment rule already promulgated for the March 1, 2011 reassessment rule for taxes payable in 2012.

The more current assessments would have an effect on the tax base, tax rates, and circuit breaker credits. When values are on the decline or growth is slow, then the assessed value base will be smaller under this bill than under current law. The smaller AV base would result in higher tax rates. The higher tax rates and lower assessments would then result in higher circuit breaker credits in areas where the circuit breaker has been triggered.

When values are growing at a higher rate, then the assessed value base will be larger under this bill than under current law. The larger AV base would result in lower tax rates. The lower tax rates and higher assessments would then result in lower circuit breaker credits in areas where the circuit breaker has been triggered.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Township and county assessors; County auditors; County treasurers.

Information Sources:

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